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SENSITIVE

STATE FOR EB -- NANCY SMITH-NISSLER

E.O. 12958: N/A

TAGS: BEXP ETRD GH

SUBJECT: DUE DILIGENCE ON COCA COLA-GHANA FOR THE SECRETARY OF STATE'S 2004 AWARD FOR CORPORATE EXCELLENCE

REF: STATE 155706

¶1. (SBU) In response to reftel request, Post has conducted due diligence on the Coca Cola operations in Ghana in order to reaffirm the company's exemplary conduct. Econoffs discussed reftel questions with government officials, Union representatives, AmCham leadership, and also, in a non-specific way, with officials from the Coca Cola Bottling Company of Ghana Limited.

¶2. (SBU) Based on our conversations with various parties, Coca Cola's excellent reputation in Ghana is deserved and the company is maintaining the highest business standards. We are not aware of any potential "downside or embarrassment" that could be caused by selecting Coca Cola-Ghana for the Secretary's 2004 Award for Corporate Excellence. The company

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currently maintains excellent labor relations and is unionized, and company management does not foresee labor disturbances. The Company's direct beneficial impact on the U.S. economy and employment is limited, but there is some indirect positive impact.

¶3. (SBU) Post provides the following detailed responses to reftel questions A - D:

A) As outlined above in Para 2, Post is unaware of any adverse reports on Coca Cola-Ghana that would cause embarrassment to the USG were it to select the company for the Corporate Excellence program. Government and Union officials praised the company, as did the President of the American Chamber of Commerce.

B and C) Coca Cola-Ghana is a bottling franchise, and serves the Ghanaian market and some of the neighboring countries. So, its impact on the U.S. economy and employment is indirect. The parent company, Coca Cola Company headquartered in Atlanta, is a minority shareholder in the Coca Cola Bottling Company of Ghana Limited. The majority shareholder is the Equatorial Coca Cola Bottling Company, based in Spain. Coca Cola-Atlanta is also a minority shareholder in the Spanish company. Coca Cola-Ghana buys inputs from the Spanish Coca Cola subsidiary, and Segun Ogunsanya, GM of Coca Cola-Ghana, thinks it is possible that some of these inputs originate in the U.S. The U.S. parent company also provides most training and all marketing materials for the Ghana Company. It is Post's understanding that U.S. expatriate workers are not employed at the Ghana Company, but sometimes visit to provide technical assistance.

D) Coca Cola-Ghana workers are unionized and two associations represent management (one for junior and mid-level and one for senior-level). GM Ogunsanya does not foresee labor problems in the near future. The company is known to spend a lot of time on worker training and has good salaries and benefits relative to the market. It also was one of the earliest companies to begin HIV/AIDS awareness training, voluntary testing, and provision of appropriate health care. Mr. Divine Atta Bosompem, the Deputy Chief Labor Officer at the Ministry of Manpower, described Coca Cola-Ghana as a very credible company and one of the best companies in Ghana in terms of labor practice. The Ministry does not have any pending labor disputes involving Coca Cola. Mr. Gilbert Awinongya, Deputy Secretary General of the Operations, Industrial and Commercial Workers' Union also confirmed that Coca Cola staff are unionized, and described it as a "good employer."

¶4. (U) In sum, Post believes Coca Cola's operations in Ghana are reflective of the exemplary qualities looked for under the Department of State's Corporate Excellence program.

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